

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **Vesync Co., Ltd**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2148)**

### **PROFIT WARNING**

This announcement is made by Vesync Co., Ltd (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong). Reference is also made to the announcement (the “**Announcement**”) of the Company regarding the voluntary recall (the “**Voluntary Recall**”) of certain models of air fryers (the “**Cosori Air Fryers**”) under the “Cosori” brand in the United States, Canada and Mexico (collectively, the “**North American Market**”) dated February 23, 2023.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on its preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended December 31, 2022 (the “**Relevant Period**”) and the information currently available to the Board, without taking into account the impact of the Voluntary Recall on the Group’s financial performance, the Group expects to record a decrease of approximately 25% to 35% or US\$10 million to US\$14.5 million in the profit attributable to owners of the parent for the Relevant Period as compared to the year ended December 31, 2021. As of the date of this announcement, the Group is still in the process of assessing the impact of the Voluntary Recall on the financial performance of the Group, and based on the information currently available to the Board, the Board estimates that the Voluntary Recall would further reduce the profit attributable to owners of the parent for the Relevant Period by approximately US\$30 million to US\$60 million. For further details of the Voluntary Recall, please refer to the Announcement.

The expected decrease in the profit attributable to owners of the parent for the Relevant Period (excluding the impact of the Voluntary Recall) was mainly due to (i) the significant increase in cost of sales as compared to the corresponding period in 2021, mainly due to the increase in freight costs of not less than approximately 40% as compared to the corresponding period in 2021, resulting in a decrease in the overall gross profit margin; and (ii) the significant increase in staff costs of not less than approximately 50% as compared to the corresponding period in 2021 mainly due to the increase in the number of employees of the Group as its business expands.

In 2021, the Global Container Freight Index (the “GCFI”) increased sharply, reaching a record high of US\$11,109 per 40-foot container in September 2021. The increase in international freight rates in 2021 and the first half of 2022 had a significant impact on the Group’s cost of sales in 2022 and reducing the Group’s gross profit. By the end of December 2022, the GCFI dropped to US\$2,120 per 40-foot container and decreased by approximately 81% as compared to the GCFI in September 2021. Therefore, it is expected that the adverse impact of high international freight rates on the Group’s gross profit margin would be alleviated in 2023.

In the second half of 2021, the Group enhanced the research and development (“R&D”) and quality control module capabilities by additional hiring of R&D personnel. Leveraging on these capabilities, the Group is well-equipped to accelerate new products launches and expand into new product categories in 2023, which will be one of the growth drivers of the Group’s performance.

As a branded consumer goods company, the health and safety of all users are the Group’s top priority. While the Voluntary Recall would have an impact on the Company’s financial performance, the Company believes that the Voluntary Recall will not have a material impact on the future development of the Company’s business and brand in the long run as the Group continues to adhere to and reinforce its product safety control measures. Despite the on-going Voluntary Recall, the sales of the Cosori Air Fryers in the North American Market subsequent to the publication of the Announcement remain unaffected as of the date of this announcement.

As the Company is in the process of finalizing the annual results of the Group for the Relevant Period, the information contained in this announcement is based only on a preliminary assessment by the management of the Company using information currently available to the Board, including the unaudited consolidated management accounts of the Group for the Relevant Period, which have not been audited nor reviewed by the auditor or the audit committee of the Company and may be subject to change. The annual results of the Group for the Relevant Period are expected to be published by the end of March 2023 in compliance with the Listing Rules.

**Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

By order of the Board  
**Vesync Co., Ltd**  
**YANG LIN**  
*Chairperson*

Hong Kong, March 14, 2023

*As of the date of this announcement, the Board comprises Ms. Yang Lin, Mr. Yang Hai and Mr. Chen Zhaojun as executive Directors, Mr. Yang Yuzheng as non-executive Director, and Mr. Fong Wo, Felix, Mr. Gu Jiong and Mr. Tan Wen as independent non-executive Directors.*